

## **ABSTRACT**

**NIFTY STAYS ABOVE 8750, TREND REMAINS UP; MARKETS END VOLATILE DAY WITH GAINS, LOOK TO BUY ON DIPS WITH STOP UNDER 8680 IN THE NIFTY; BANKS RALLY, WILL BECOME A BUY ONCE BANK INDEX REMAINS STABLE, STAYS ABOVE 18800 FOR NEXT TWO DAYS.**

Bank Nifty has seen an up move. The index closed above its resistance at 18800. CNX IT traded choppy. Prices remained above 12300. Sooner both the index may become an attractive buying opportunity.

We have OIL in Sector Focus. Trend is sideways in this sector. We will discuss the current scenario of Oil Stocks. Stock in focus includes ASHOKLEY, AXISBANK, MCLEODRUSS and NMDC. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We will discuss the current scenario of GOLD, SILVER and CURRENCIES.

## **MARKET TODAY**

Nifty started the session in the green at 8756.20 with a gap up of 42 points. In the beginning, it tumbled down and wiped out all the gains from a gap up, an attempt to recover before lunch was again sold into and Nifty touched its day's low of 8682.45. But then in a surprisingly sharp up move in the last hour Nifty not only recovered all of its losses of the day but also touched day's high of 8785.50 before closing at 8778.30 with a gain of 63.90 points. Nifty traded in a range of 103 points. In terms of sectorial performance, Banking & Financials outperformed (2.49%), IT and FMCG stocks closed with minor gains while Pharma (2.06%) weighed on the index. With only 617 advancing stocks to 563 declining ones, market breadth on the NSE was positive.

## **TRADING**

Cheering the news of rating upgrade by Moody's, Nifty opened with a gap of nearly 42 points at 8756.2 but then it turned volatile and very choppy with alternate swings of 50-60 points in both directions. After being all over the place the bulls finally managed to take Nifty higher and it closed at the highs of the day at 8778.3 with a gain of 63.9 points. So once again, intraday price action turned strong from choppy.

On the daily charts, as we had already discussed in the previous edition of this newsletter, Nifty is now trading at the higher end of that 8700-8800 resistance zone. Bulls need a sustained breakout above this range to take Nifty to new life highs while bears have their best chance here to wrest control and take market to the recent lows. Both camps are trying their best to out power the other and that's why we are seeing this volatility and choppiness. So far we have been to the bull side in the short term but as traders we can't afford to be committed to any one camp permanently. In simpler terms keep holding your bullish bets but tighten your stops further.

## **WHAT TO DO TOMORROW?**

Strategy of buying on dips or breakouts has been working very nicely from the intraday perspective. So traders should keep looking for such trades but trade with proper stops and position sizing.

### **Short Term**

We maintain our cautiously bullish outlook for the short term and advise traders to hold their long positions with a revised stop which now stands 8680 level in the cash index.

### **Intermediate term**

We don't have any positions for the intermediate term and advise traders to wait for a sustained breakout above 8800 to go long.

**STOCK MARKET – SPOT PRICE (NIFTY: 8774.25, SENSEX: 28,885.21)**



## TAKING A SWING TRADE

### *Chopy market or change in the trend*

In our newsletter dated 27 March, we had suggested four trades. The trade was to go short in all our four stocks namely HDFC, HDIL, PFC and ZEEL.

We had given these stocks to short sell because the trend was down and prices were going down from few days. But on the next day, rally in all these stocks due to an upside rally in their respective indices shifted prices above our entry level.

***Therefore, we have learned three points from these trades.***

1. Many traders make a mistake of trading in every market environment, truth is better not to trade at times. Sometimes market are too chopy and erratic to trade with any accuracy, in these times traders tend to give back all their recent profits.

2. It is also a possibility of change in trend of the market where price started to move in the opposite direction of the trend whether for a purpose of correction or a trend reversal.
3. Traders should place their entry price little far from yesterday's close so that one can get some time to adjust and also to take a sense of the market in which direction that it is going.

When such situation persists wherein trades usually don't execute, it's an indication of choppy market. The best thing to do in such an unfavorable environment is to sit on the sideline and be on the standby mode.

#### METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GOLD MINI</b> 26528	Strong Resistance at 27000	EOD	27050	26750	27700	A Bullish Head & Shoulder. Neckline near 27000	EOD
<b>SILVER MINI</b> 36537	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD

#### IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18870.45]

Bank Nifty has seen an upside rally today after yesterday's decline and closed above its resistance level at 18800 with a gain of more than 450 points.

Prices traded smoothly towards upside. A follow through on upside tomorrow may confirm the uptrend in this index.

Long trades can be taken once the index stable and remained above the resistance 18800.



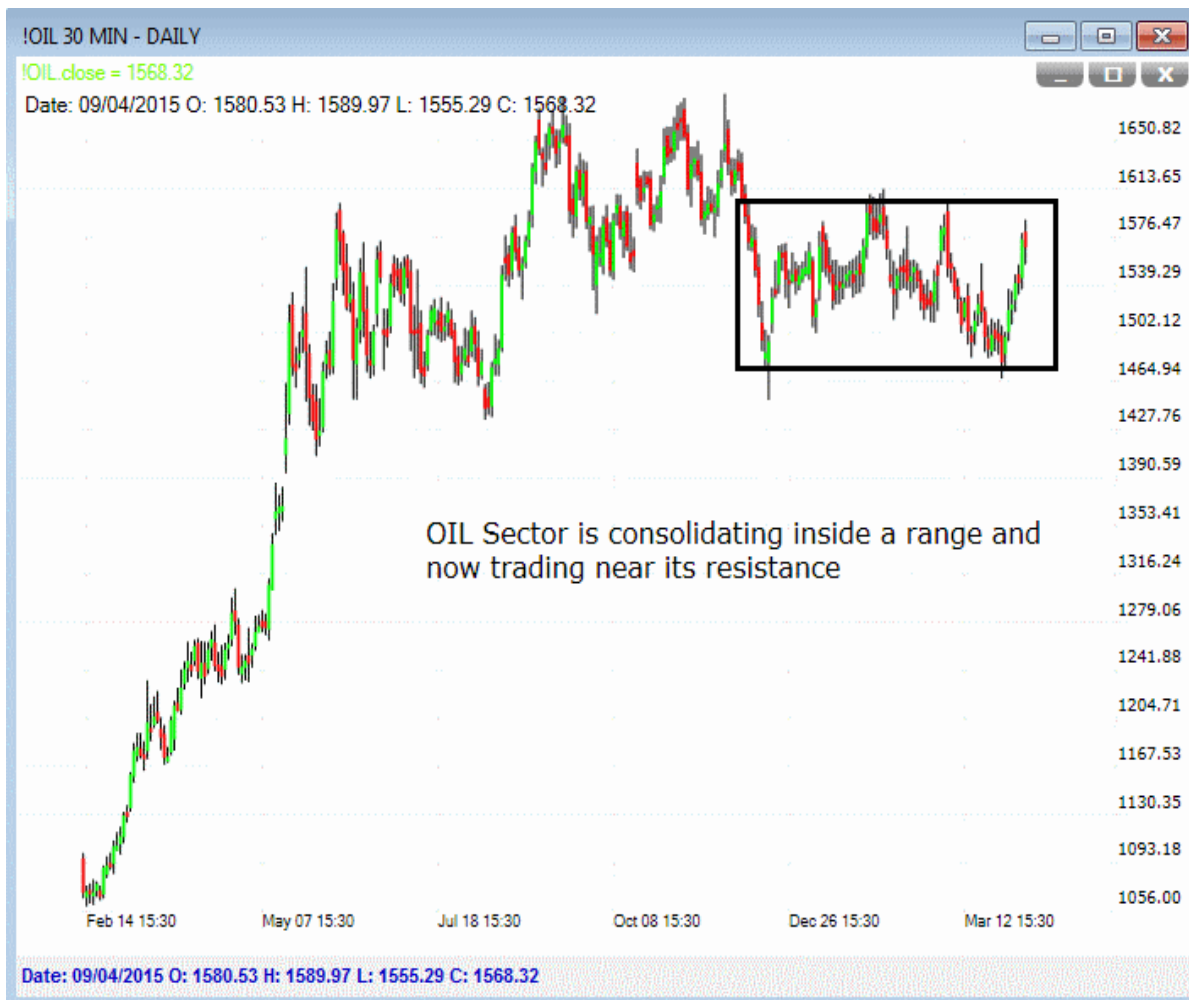
**IT WATCH [CNX IT (Future Price): 12318.90]**

CNX IT traded choppy and narrow today. The index saw some ups and downs in intraday and closed near the yesterday close. The index remained above 12300. We should look for a buying opportunity in IT Stocks with small volume as an immediate resistance comes at 12500. A close above this resistance may give us a buying opportunity with higher volume. Prefer HEXAWARE and INFY in this sector.



## SECTOR FOCUS [OIL]

Trend is sideways in OIL Sector. Prices are consolidating inside a range and now trading near its resistance. We may see a rally in OIL Stocks. BPCL and HIND PETRO is the outperformer in this sector. Both the stock has seen a breakout from their resistance. Traders should look for a buying opportunity in these two stocks. RELIANCE have bounced from its support and now moving up. This stock is also offering us a buying opportunity. GAIL is consolidating at its bottom. A breakout above 415 may give a buying opportunity in this stock. Avoid the rest of the stocks.



### SWING TRADES

*“Trades which last from few days to a week or more”*

Charts and levels discussed are for equity instruments. If you trade the corresponding futures, please track the levels on the equity and take appropriate positions on futures.

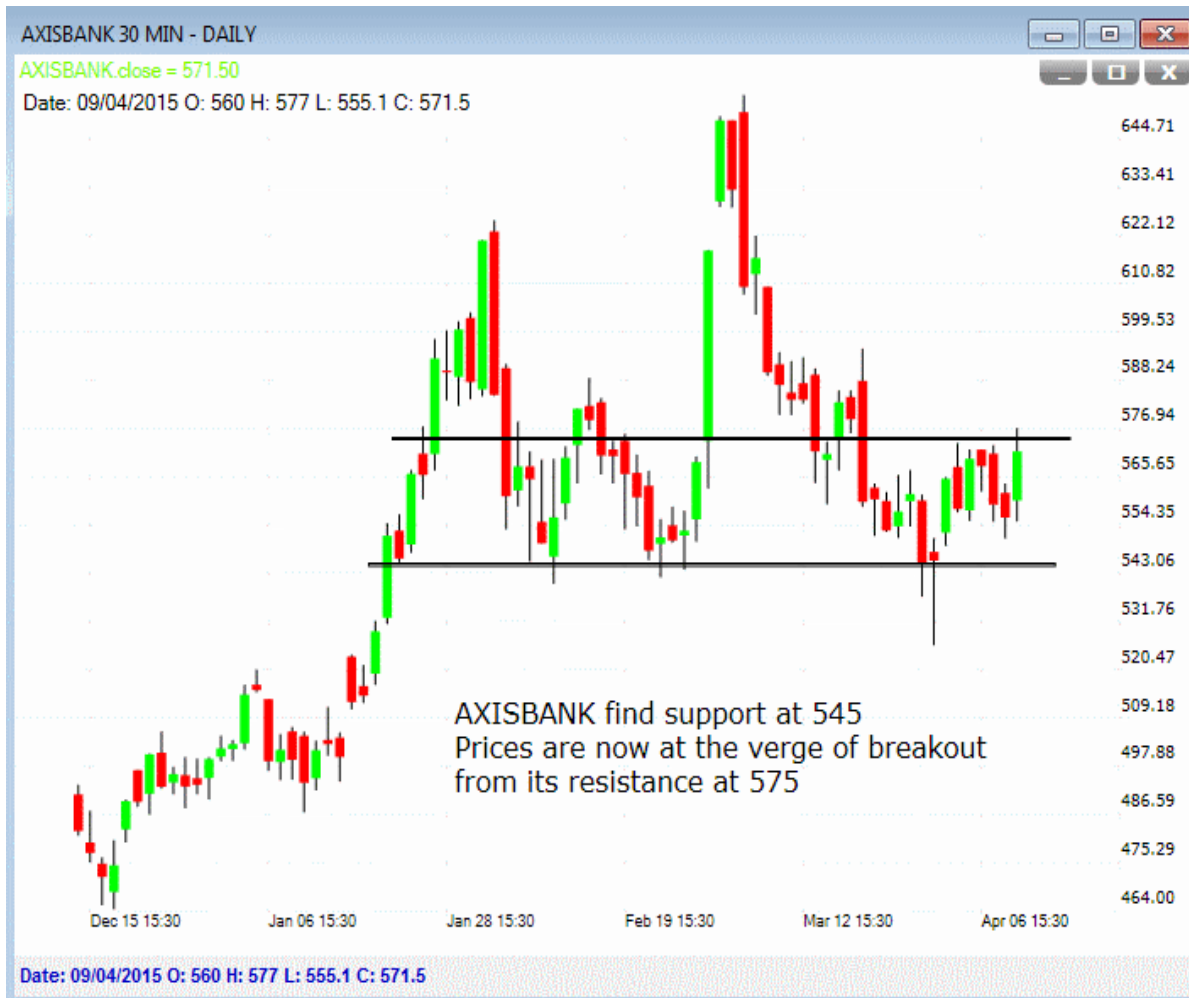
### ASHOKLEY– [Close (Spot Price): 75.50] – BUY

Long Term Trend is up in ASHOKLEY. This stock has seen a mild correction and then an upside move. Prices are now at the verge of breakout from its resistance near 75.50. Buy this stock above 76. If this trade executes then place your stop just below 74.50 and a target near 79.



**AXISBANK – [Close (Spot Price): 571.50] – BUY**

Short Term Trend is now up in AXISBANK. The stock has seen a sharp and deep correction. Prices have first find support near 545 and then begin an up. Prices are now at the verge of breakout. Buy this stock above 575. If this trade executes then place your stop just below 565 and a target near 595.



**MCLEODRUSS – [Close (Spot Price): 251] – BUY**

Trend is up in MCLEODRUSS. The stock has seen an upside rally and then went into a consolidation. Prices are now coming out from that consolidation. Buy this stock above 252. If this trade executes then place your stop just below 248 and a target near 260.





**NMDC – [Close (Spot Price): 132] – BUY**

Short term trend is sideways in NMDC. The stock has seen a big decline and then finds support near 123. Prices build a trading range there and now at the verge of breakout from resistance at 133. Buy this stock above 133. If this trade executes then place your stop just below 131.50 and a target near 136.



#### CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GBPINR</b> 92.55	Trading inside a range 92.10 – 93.80	EOD	NA	NA	NA	Resistance at 94	EOD
<b>JPYINR</b> 52.04	Consolidating inside 51.60 - 53	EOD	NA	NA	NA	NA	NA
<b>USDINR</b> 62.44	Consolidating inside 62.10 – 63.20	EOD	NA	NA	NA	Support at 62.40	EOD
<b>EURINR</b> 67.22	Consolidating inside 66.30 - 69	EOD	NA	NA	NA	Resistance at 69	EOD

## Final Words

Strategy of buying on dips or breakouts has been working very nicely from the intraday perspective. So traders should keep looking for such trades but trade with proper stops and position sizing.

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